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National Intelligence Daily Cable for Wednesday, 23 August 1978

The NID Cable is for the purpose of informing senior US officials.

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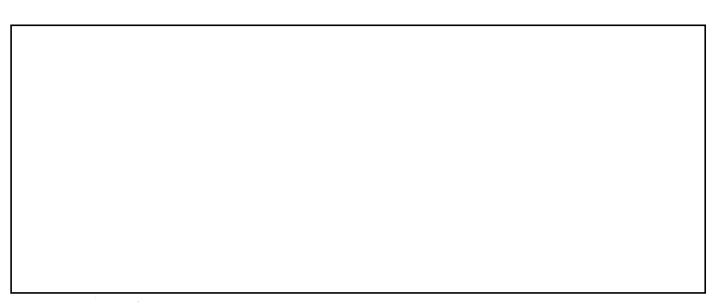
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LAOS-FRANCE: Status Report

Diplomatic relations between France and Laos were broken on Monday after Vientiane ordered the French Embassy closed because of the "bad attitude" of Embassy personnel. This action, capping a steady deterioration in Lao-French relations over the past several months, will complicate Lao efforts to obtain Western economic assistance.

Paris has retained an interest and presence in Laos since the days of the French colonial empire, and several hundred French diplomats, teachers, technicians, and dependents were in Laos as recently as the beginning of the year. In February the Lao closed the French Cultural Center in Vientiane. In late June they expelled the political and cultural counselors of the Embassy on the grounds that they were conducting espionage, assisting refugees, and making statements critical of the regime.

The French retaliated by expelling two of three Lao diplomats in Paris. This action prompted the Lao to order the official French presence in Laos reduced to the same level. The French Ambassador and his staff left Vientiane in early July.

The Lao leaders, who are almost paranoid about opposition to their control, apparently broke relations because they also believed the remaining French officials were involved in subversive activities.

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25X1 The Lao regime seems to view any Western presence as disruptive and potentially threatening, and has indicated a preference for Communist rather than Western personnel as representatives of UN agencies in Laos. The Vietnamese dominate Laos and would probably prefer to see Western influence out of the country, but there is no evidence as yet that they are behind the moves against the French.

Vientiane's actions will hamper its attempts to obtain increased economic assistance from the West to offset food shortages. The French could attempt to block any aid from the EC, and other Western countries may become even less willing to deal with the Lao.

NAMIBIA: UN Representative's Visit

Martti Ahtisaari, the Finnish diplomat who is to head the UN Transitional Assistance Group in Namibia if the Security Council and South Africa go ahead with the Western settlement proposal, has completed his factfinding visit to the territory and has begun to establish an effective working relationship with South African Administrator General Steyn. Steyn apparently has a mandate from Prime Minister Vorster to work out some compromises with Ahtisaari concerning arrangements for a preindependence election, provided a genuine truce is arranged between South African troops and guerrillas of the South-West Africa People's Organization. Continuing guerrilla activity and South African reactions to it, however, show that the two sides are still far from agreement.

South Africa indicated last month--following a Security Council resolution favoring a union of Walvis Bay with an independent Namibia--that it will not go through with the settlement unless UN Secretary General Waldheim's recommendations for implementing the Western plan are acceptable to the South Africans. Waldheim's recommendations very likely will be based largely on Ahtisaari's findings.

Ahtisaari and a staff of some 50 UN officials went to Namibia on 6 August. He consulted extensively with Steyn

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and leaders of the principal Namibian political groups in Windhoek and in the homeland of the Ovambos, the territory's major ethnic group. Some 20 members of Ahtisaari's staff will remain in Windhoek.

Among the problems that Ahtisaari and Steyn are trying to resolve are the voter registration for an election to select a Namibian constituent assembly and the target dates for the election and for completing the transition to independence. At Prime Minister Vorster's behest, Steyn last June began a registration of all Namibians eligible to vote despite warnings from the Western contact group that registration held without UN participation would not be internationally acceptable.

Ahtisaari has solicited opinions on these issues from a broad spectrum of prominent Namibians; spokesmen for rival Namibian groups have said they found him "reasonable" and "impartial." Steyn told the press Ahtisaari had an "open mind" on an independence date and was confident that an accommodation could be reached on election arrangements.

Since late July, however, the South African military command has publicized the increase in SWAPO guerrilla activity, the first such increase since the South African raids on SWAPO bases in Angola last May. Last week Defense Minister Pieter Botha told a provincial congress of the South African National Party that if guerrilla activity continues, South Africa may reinforce its troops in Namibia, and that they may resort to preemptive strikes comparable to the raids in May. Botha also strongly implied that, in any case, Pretoria will not accept a UN military force as large as 5,000--the minimum size that SWAPO leaders have demanded.

We doubt that Vorster would authorize a major strike against SWAPO bases in Angola or Zambia unless guerrilla activity increases markedly over its current level. Vorster recognizes that major South African cross-border operations probably would provoke the non-Western members of the Security Council to press for even tighter restraints on a South African residual force in Namibia.

The recent guerrilla activity, however, has stiffened the already strong sentiment in Pretoria against proceeding with any troop reductions. The public emphasis on recent instances of violence may be intended to justify a refusal to withdraw troops from a number of forward bases unless the UN group enforces comparable restrictions on the SWAPO forces near the Namibian border in southern Angola. It also seems likely that Pretoria is preparing for hard bargaining on the size, composition, and deployment of a UN peacekeeping force.

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NICARAGUA: Guerrilla Operation

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//The spectacular guerrilla operation in Managua yesterday demonstrates that radical forces opposed to Nicaraguan President Somoza are clearly more capable of antigovernment action than their disunited moderate counterparts. If the guerrillas succeed in their demands, the incident will embarrass the Somoza government, but not seriously undermine it. The incident will allow Somoza to impose firmer countersubversive measures, but he will probably recognize that a serious crackdown might drive the fragmented opposition forces together.

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//Roughly 15 to 20 guerrillas entered the National Palace at midday yesterday and took a number of high-ranking officials hostage, including perhaps the Minister of Government. The guerrillas--probably members of the Sandinista National Liberation Front--have apparently demanded \$10 million, the release of political prisoners, and air passage out of the country.//

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//In 1974, when Sandinistas captured several prominent Somoza supporters, the government paid \$1 million in ransom, released 14 guerrilla prisoners, and flew them to Cuba. Following the incident, Somoza imposed a state of siege that lasted nearly three years.//

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//Somoza was galled by the incident in 1974, but if the Sandinistas have in fact captured a number of his relatives and close associates, he will probably bargain again. In the aftermath, he is likely to face pressure from the National Guard and his other supporters to reimpose a state of

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siege. Somoza is sure to recognize, however, that this is probably one of the guerrillas' objectives, since it would give the splintered opposition movement a badly needed rallying cry.//

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//In contrast to the dramatic guerrilla operation, the more moderate Broad Opposition Front, a loose coalition of most anti-Somoza groups, had to cancel tentative plans for a national strike this week because it was unable to get the support of the private sector. The moderates are divided and lack leadership. Despite seven months of periodically violent confrontations with the government, the opposition at this point appears unable to mount an effective challenge to Somoza.//

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